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SUBJECT: NAS MONTHLY REPORT FOR JULY 2007

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SUMMARY  
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**11. (U) The key developments in July 2007:**

\*\* Strikes, violent marches, roadblocks, and airport shutdowns require heightened security measures.

\*\* Plan VRAE, the GOP development program for Peru's main coca growing--and most poverty ridden--area, is stalled because the security component remains unresolved.

\*\* As of July 31, CORAH has eradicated a total of 3,987 hectares; now operating in the La Morada/Madre Mia areas.

\*\* The readiness posture of the helicopter fleet has improved with assistance from INL/A and DynCorp; NAS takes steps to avoid maintenance and parts problems.

\*\* C-26s use the FLIR to protect CORAH from night attacks by detecting potential hostile forces nearby.

\*\* Interdiction operations slowed by the lack of available aircraft due to UH-2 maintenance posture.

\*\* Scanners are monitoring air cargo for the first time in Peruvian counternarcotics history; seizures increase.

\*\* NAS-trained Peruvian customs cooperates with Ecuadorian customs; team seizes USD 106,000 and a new SUV.

\*\* Garcia implements a package of laws to combat organized crime, including asset-forfeiture and severe penalties for blocking eradication.

\*\* NGO trains high-school students to host radio call-in shows to reach other youth about dangers of drug abuse.

\*\* The new USEPA-approved incinerator for destroying seized drugs was inaugurated on July 6.

END SUMMARY

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SOCIAL CONFLICTS REQUIRE MORE SECURITY IN COCA AREAS  
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**¶12. (U)** In July, NAS/GOP field operations took place in a context of strikes, violent marches, roadblocks, and attempts to close down airports. The trigger was the strike by the teachers' union (SUTEP) controlled by the radical "Patria Roja," soon joined by a conglomeration of anti-mining and anti-free trade groups, as well as cocaleros. At one point, 76 different protests were underway in 16 of Peru's 25 provinces. The root causes were unmet regional/local demands, government inefficiency, and regional incapacity. Narco-trafficking and Chavista influences may have fueled violent protests. Pro-coca local and regional authorities took advantage of local conflicts to advance their own agendas. We anticipate another general strike in Pucallpa in August as well as cocalero mobilization against eradication mid-month. NAS has increased the security awareness level in the field to include security training at both eradication sites, specifically regarding night patrols and readiness to respond to attacks. The two Army platoons that have augmented PNP at the La Morada/Madre Mia site are forming an outer perimeter to control key terrain around the work area/helo landing sites. At the Santa Lucia base, increased lighting, stepped up communications security, rehearsals for base defense, and other measures have been taken to protect personnel, infrastructure, and aviation assets.

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STRIKE SHUTS DOWN PUCALLPA AND CLOSES AIRPORT  
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**¶13. (U)** The general strike that began June 27 in Pucallpa (site of the NAS Main Operating Base (MOB)) to protest the elimination of the exemption for the value-added tax for the Amazonia region, temporarily stranded over 50 American tourists. The strike stopped all commercial flights into and out of Pucallpa for about a week. Large crowds gathered around the airport, but did not enter the MOB. All MOB personnel have been restricted to the base compound. Local employees have been coming to work unless they felt threatened by the crowds. The security situation is continuously being monitored and adjusted as needed.

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PLAN VRAE, COCA GROWERS, AND EXTREME POVERTY  
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**¶14. (U)** Plan VRAE, approved by the Council of Ministers in December 2006, with a proposed budget of 148 million soles (47 million dollars) for social programs, basic infrastructure and agricultural development is off to a slow start because the security component remains in the planning stages (the Army has the lead in the VRAE emergency zone).

**¶15. (U)** In July, the Ministry of Defense issued a Report by the VRAE Multi-Sectoral Group (10 Ministries and DEVIDA) on the "Program for Developing the Valley of the Apurimac and Ene Rivers." The Report included statistics on extreme poverty rates in the VRAE, that undermine the myth that coca is the most lucrative crop for peasant farmers. The VRAE is the principal coca producing area of Peru--coca has doubled there in the past 8 years to 16,000 hectares. Along the Apurimac River 60 percent of this previously diverse agricultural area is under coca production. Extreme poverty rates remain higher there than in the rest of Peru (44.85 percent in the VRAE compared to 16.1 percent overall). The Report states that the poorest farmers--47 percent who have between 1-3 hectares--are the most dependent on coca. Eighty percent of the houses in the VRAE have no drinking water; 77 percent have no electricity, and over half the households are chronically undernourished. According to the Report, crop productivity is lower than in the rest of the country due to deforestation, depleted soil caused by coca cultivation, and indiscriminate use of chemicals (e.g., the national average for rice production is 4,100 kilos per hectare; in the VRAE it is barely 800 kilos per hectare).

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CORAH OPERATIONS CONTINUE IN CONFLICTIVE AREA  
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**¶16. (U)** As of July 31, CORAH has eradicated a total of 3,987 hectares and eliminated 23,487 square meters of seedbeds. On

July 7, CORAH moved further south to the La Morada/Madre Mia areas, which was expected to be more conflictive than Yanajanca. So far this month, one CORAH worker was injured by a booby trap (IED) in the field; five other IEDs were found and disarmed. On seven different days, shots and explosions were heard close to CORAH's cantonment area. CORAH expects to complete operations in the La Morada/Madre Mia areas in August. The eradicators will likely move to the Tocache area to support Alternative Development activities while maintaining the current pace of eradication. Moving CORAH to Tocache should also allow us to reduce flight hours, since it is closer to the Santa Lucia base.

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MORE UH-2S ARE FLYING; MAINTENANCE CRISIS AVERTED FOR NOW

¶ 17. (SBU) The helicopter fleet maintenance posture has improved since last month's report. Poor readiness was due to a high demand for air support for CN operations east of the Andes dictated by security conditions. The high operations tempo required scheduled and unscheduled maintenance of the UH-2s, grounding some helicopters. The UH-2 fleet exceeded the planned monthly flying hours for over two months because the PNP MI-17s were down for unscheduled and phase maintenance or were being used by President Garcia and other GOP officials. The UH-2s have to fly up to three times as many hours to accomplish what a heavy-lift MI-17 can haul in one load. After strong intervention by the NAS Director, the GOP assigned two PNP MI-17s to support the eradication efforts at Santa Lucia.

¶ 18. (U) Operations in conflictive areas have required a significant increase in flying hours to transport security personnel. Violent cocalero attacks and SL ambushes required a much larger protective force to accompany the eradication brigades. In the recent Yanajanca operation, 1000 people were inserted and extracted from the area by helicopter, causing a higher flying tempo at longer distances from the base.

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C-26 AIRCRAFT USED TO PROTECT CORAH FROM NIGHT ATTACKS

¶ 19. (SBU) The C-26s continue to fly over eradication operations areas to take FLIR images of the surrounding area to detect potential hostile forces nearby. The Peruvian Joint Command is tasking the C-26 for FLIR images of the CN areas in the VRAE. Currently, one C-26 is in Oklahoma to have ARINC install a digital camera to augment the FLIR capability during CN/CT missions. The C-26 will be flown back to Peru at the end of August. In recognition of the excellent cooperation between the GOP, NAS, and the FAP, the FAP presented NAS Director Keogh with a decoration for her support of FAP C-26s.

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ECO-FRIENDLY INCINERATOR FOR BURNING DRUGS INAUGURATED

¶ 10. (U) The new USEPA-approved incinerator for destroying seized drugs was inaugurated on July 6. The clean-burning incinerator replaces an antiquated one that spewed fumes and ashes, which prompted community protests that shut down the facility several times. The shutdowns resulted in warehouses packed full of seized drugs slated for destruction. The Minister of Interior and Ambassador Struble participated in the ceremony.

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INTERDICTION SLOWED BY LACK OF AIRCRAFT

¶ 11. (U) Interdiction operations this month slowed due to the lack of aircraft caused by the maintenance issues described above. Interdictions continued in the VRAE out of the Palmapampa police base and in the Upper Huallaga out of Santa Lucia. The figures are:

Laboratories Destroyed	23	6	187	50
Chemicals Destroyed, kg	5539	145	86632	8565
Arrests Made	1		6	
Weapons Seized	1		15	
Vehicles Seized	3		5	

**¶12.** (U) The DIRANDRO Road Interdiction Group, DEPOES-3, operating from Ayacucho, has conducted 28 interdiction operations with the support of canines. The figures are:

July 2007      Since 01/01/07

Cocaine Base Seized, kg	39.6	189
Chemicals Seized, kg	64.5	5942
Arrests Made	1	34
Weapons Seized	1	4

#### MARITIME SEIZURES SURPASS LAST YEAR'S IN ONLY 7 MONTHS

**¶13.** (SBU) Interdiction operations by Peruvian Customs and Police at Lima's Jorge Chavez International Airport (JCIA) seized 203 kg of cocaine HCL in 68 incidents this month. In the past 7 months, this NAS-sponsored project has seized 2,724 kg of cocaine HCL, and made 448 arrests (364 men and 84 women) of which 217 were internal carriers ("mules") and 45 were smuggling cocaine in their luggage or cargo. This year's seizure rate to date has already surpassed last year's record of 2,074 kg. As of July 30, the container scanner--reconfigured for air cargo palettes--has been deployed at the airport to monitor air cargo for the first time in Peruvian counternarcotics history. An x-ray body scanner will also be operational at JCIA by mid August, along with a mobile x-ray van that screens cargo.

**¶14.** (SBU) NAS training and equipment resulted in Peruvian-Ecuadorian cooperation to arrest a passenger in Quito airport carrying an undeclared USD 106,000. On July 20, the Chief of the Peruvian Customs at JCIA advised the USCBP Advisor that a Quito-bound passenger was carrying a lot of money, but there was no time to count it before he boarded the plane. The Customs Chief asked the NAS/USCBP Officer to alert his counterpart in Quito. Immigration and Customs Enforcement (ICE) in Quito coordinated with Ecuadorian Customs to detain the traveler and seize the money when he did not declare it on arrival (a violation of Ecuadorian law). When the Ecuadorians discovered the traveler had a SUV parked at the airport, they also seized the vehicle.

**¶15.** (SBU) For the month of July, the Peruvian Postal System (SERPOST) seized 24 kg of cocaine HCL in the out-going international mail.

#### GARCIA PASSES NEW ORGANIZED CRIME LEGISLATION

**¶16.** (SBU) In April, Peru's Congress delegated to President Garcia its authority to implement a package of laws to combat organized crime. The new laws went into effect on July 24, although they are subject to review by Peru's Congress for a period of two weeks. Among them is the non-penal asset forfeiture law that should prove to be a potent new weapon to combat money laundering and organized crime. NAS and the UN Office on Drugs and Crime joined forces with Peru's Ministry of Justice to develop this new legislation and to secure its passage. The law authorizes the Peruvian government to seize illegally earned assets if a defendant, after due judicial process, cannot prove the legitimacy of the assets in question. NAS will continue to work with the GOP to provide training to prosecutors and other law enforcement authorities who will implement the new asset forfeiture law.

**¶17.** (SBU) Significantly, the crime package modified an existing statute to make impeding the eradication or destruction of illicit drug crops, or the destruction of any other assets used to make or transport illicit drugs, a crime punishable by 6-12 years in prison. This law will strengthen

the hand of the government in dealing with cocaleros who attempt to disrupt eradication of illicit coca.

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DR PROGRAM HELPS YOUTH REACH OUT TO OTHER YOUTH  
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¶118. (U) NAS staff traveled to Trujillo to monitor a demand-reduction program called "Family or Drugs, You Decide" that is in its second year. CEDRO, the NGO running the program, travels with a mobile exhibit to 7 coastal cities to educate people about the danger of drugs. In each city, CEDRO has trained a group of about 30 high-school students to host a one-hour (or more) radio call-in show that discusses drug abuse and other concerns of adolescents. CEDRO has similar programs in communities near USAID's alternative development programs. This highly effective youth outreach program is being duplicated in the six community anti-drug coalitions in Lima. NAS is planning to start a coalition in one or more of the coastal cities in early 2008.

WUNDER